DOCUMENT RESUME

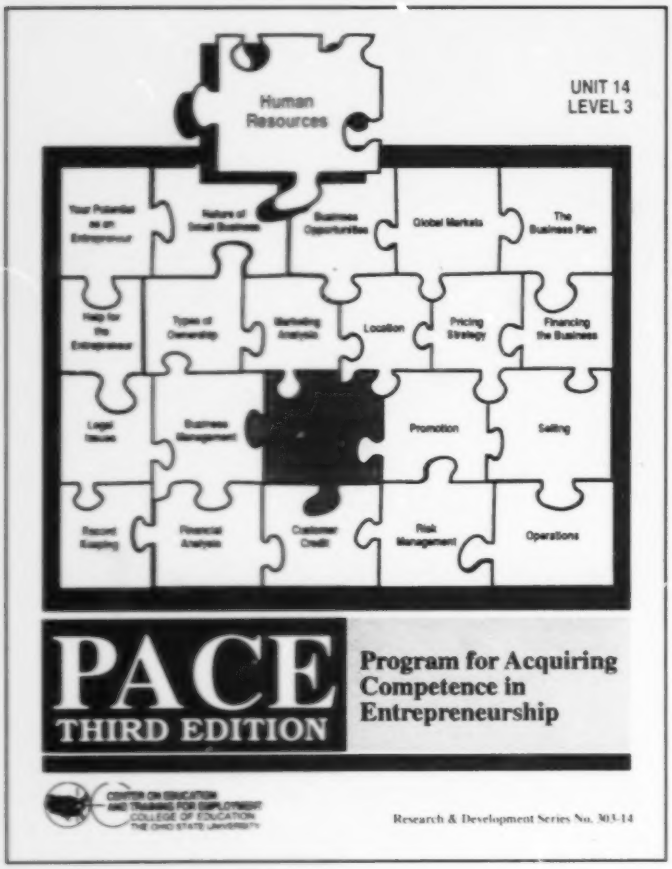
ED 373 251 CE 067 085

TITLE	Human Resources. Unit 14. Level 3. Instructor Guide. PACE: Program for Acquiring Competence in Entrepreneurship. Third Edition. Research & Development Series No. 303-14.
INSTITUTION	Ohio State Univ., Columbus. Center on Education and Training for Employment.
PUB DATE	94
NOTE	25p.; For the complete set, i.e., 21 units, each done at three levels, see CE 067 029-092. Supported by the International Consortium for Entrepreneurship Education, the Coleman Foundation, and the Center for Entrepreneurial Leadership Inc.
AVAILABLE FROM	Center on Education and Training for Employment, 1900 Kenny Road, Columbus, OH 43210-1090 (order no. RD303-14 IG, instructor guide $4.50; RD303-14 M, student module, $3; student module sets, level 1--RD301M, level 2--RD302M, level 3--RD303M, $45 each; instructor guide sets, level 1--RD301G, level 2--RD302G, level 3--RD303G, $75 each; 3 levels and resource guide, RD300G, $175).
PUB TYPE	Guides - Classroom Use - Teaching Guides (For Teacher) (052) -- Guides - Classroom Use - Instructional Materials (For Learner) (051)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Behavioral Objectives; Business Administration; *Business Education; *Competency Based Education; Employment Practices; *Entrepreneurship; *Human Resources; Learning Activities; *Personnel Management; Personnel Policy; Postsecondary Education; Secondary Education; *Small Businesses; Teaching Guides
IDENTIFIERS	*Program for Acquiring Competence Entrepreneurship

ABSTRACT

This instructor guide for a unit on human resources in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 3 of learning--starting and managing one's own business. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The following materials are contained in the student's guide: activities to be completed in preparation for the unit, unit objectives, student reading materials, individual and group learning activities, case study, discussion questions, assessment questions, and references. Among the topics discussed in the unit are the following: job descriptions, training programs, personnel policies, employee evaluation systems, and corrective interviews. (KC)

ED 373 251



INSTRUCTOR GUIDE

Unit 14

Human Resources

Level 3

Objectives:

- Write a job description for a position in your business.
- Develop a training program for employees.
- Develop a list of personnel policies for employees in your business.
- Develop an employee evaluation system.
- Plan a corrective interview.

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

CE 067 085

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

P Hansen

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Objectives	Teaching Suggestions
1. WRITE A JOB DESCRIPTION FOR A POSITION IN YOUR BUSINESS	
What is a job analysis?	Have students talk about a job they have had or are familiar with. Next, help students to outline the most important issues in developing a job analysis.
How do you write a job description?	Help students to write a job description. Follow the guidelines shown in the text. Emphasize the differences between job analysis (which helps the entrepreneur to generally assess a job) and a job description (which directly and specifically targets potential candidates for a position).
2. DEVELOP A TRAINING PROGRAM FOR EMPLOYEES	
What is a training program?	Have students define training programs in their own words. Hold an open discussion about the importance of training in business.
What is a needs assessment?	Use an overhead or chalkboard to outline important steps entrepreneurs take prior to making decisions related to training. You can follow the graphic shown in the text.
How should the training program be outlined?	Brainstorm with students to generate the steps in planning a training program. Make sure students understand the importance of presenting information to employees who participate in training programs (e.g., time, location, instruction needs, etc.)
3. DEVELOP A LIST OF PERSONNEL POLICIES FOR EMPLOYEES IN YOUR BUSINESS	
What about personnel policies?	Ask a local entrepreneur to talk about personnel policies in his/her company.
What about benefits and services?	Refer to above suggestion.
What about union activity?	First, give students a short historical perspective on union activity in the United States. Next, present some new trends in today's union activity (diminishing impact on businesses, independent unionization versus union membership to national organizations, constructive and positive relationships with management, etc.).

Objectives	Teaching Suggestions
What is an employment agreement?	Define employment agreement and stress its legal importance to both employer and employee.
4. DEVELOP AN EMPLOYEE EVALUATION SYSTEM	
How do you evaluate an employee's performance?	This is a good time for students to offer their own opinions on employee evaluation methods. Help students link appraisal of employee performance methods to company handbook guidelines as they relate to employee evaluation.
What are the steps of a development evaluation?	Use an overhead or chalkboard to show the steps of a development evaluation. Have students write the information on cards to help them better understand the development evaluation concept.
What are the steps of a compensation evaluation?	Use the above suggestion. This time, ask additional questions to help students come up with the steps of a compensation evaluation on their own.
5. PLAN A CORRECTIVE INTERVIEW	
How do you conduct a corrective interview?	Form two groups of students. Each group should choose two representatives to role play a correctional interview. In the interview, students will attempt to correct a problem they have run into in the past or that they are currently dealing with. The group will help each role player to prepare for the interview.

MODEL ASSESSMENT RESPONSES

1. A well-written job description should address the following issues: (1) what tasks are critical, (2) the percentage of time spent on each of the tasks, (3) important skills or abilities you would want to see in the person you are hiring for this position, (4) required experience or expertise, (5) who is the employee's supervisor.

2. A needs assessment is performed before developing a training plan. The needs assessment establishes what skills you need to develop in your employees. Personnel records, performance evaluation forms, and direct communication with your employees are valuable sources in establishing what kind of employee training you need.

3. A training program plan should include the: (1) identification of the training need (how many employees should be trained and what qualifications are desired); (2) time, location, and, instructor(s); (3) an outline of the training program, including schedules and instructional aids (e.g., audiovisual means, case analyses, etc.); (4) evaluation method; and (5) follow-up and feedback strategy to evaluate the training program effectiveness.

4. Written personnel policies are important because they ensure easy access for each employee to general company information. Written policies are easy to include in the company handbook. They help to ensure fair treatment for all employees. The employee handbook includes policies that ensure compliance with government and state regulations related to discrimination, employee termination, patents and copyrights, union, and employer liability issues.

   Personnel policies are also useful in orienting new employees, establishing employees' benefits and obligations (e.g., working hours, vacation, sick leave, insurance, bonuses, profit-sharing plan, jury duty, military leave, pension plan, unemployment compensation, service awards, counseling, legal services, employment records, performance evaluation methods, pay periods, shift premiums, overtime, safety and accident prevention, etc.).

5. A plan for development evaluation should include the following items: (1) a time scheduled for the interview; (2) a list to help you review the employee's tasks; (3) feedback methods; (4) expectations and goals for the future; (5) a time scheduled to follow-up on the interview; and (6) notes to be used in future evaluation interviews.

6. In a corrective interview, managers go through the following steps: (1) schedule a meeting with the employee to discuss the problems; (2) explain the problems that you observed and why they concern you; (3) listen to the employee's explanations; (4) discuss specifically what needs to be changed; (5) schedule a follow-up meeting; (6) make notes; and (7) follow-up with another meeting.

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.
Level 2 — Planning for a business in your future.
Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
Center on Education and Training for Employment, 1900 Kenny Road, Columbus, Ohio 43210-1090
(614) 292-4353, (800) 848-4815.

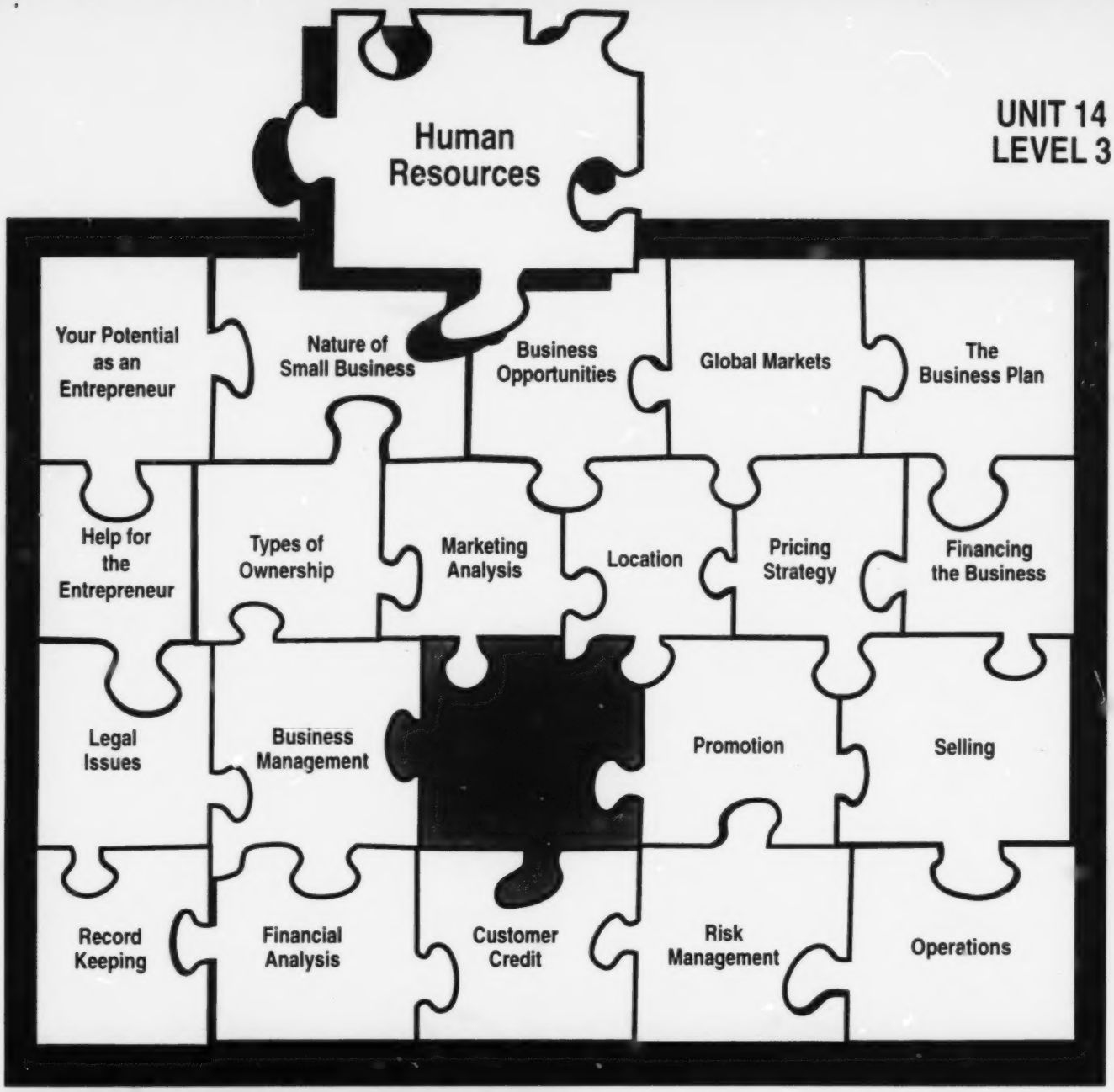
Support for **PACE, Third Edition** provided in whole or in part by:

International Consortium for Entrepreneurship Education
and
International Enterprise Academy
Center on Education and Training for Employment
The Ohio State University

The Coleman Foundation

Center for Entrepreneurial Leadership Inc.
Ewing Marion Kauffman Foundation

UNIT 14
LEVEL 3



PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 303-14

HUMAN RESOURCES

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit. If you think you can meet these objectives now, consult your instructor.

3. These objectives were met at Level 1 and Level 2:

   Level 1

   - Define human resource management.
   - Explain the importance of human resource management as it relates to the success of a business.
   - Identify the various responsibilities that make up human resource management.
   - Describe the obligations employers have to employees.

   Level 2

   - Identify the steps involved in hiring employees.
   - Describe the procedures for developing a training program.
   - Explain various styles of management.
   - Describe methods for supervising and motivating employees.
   - Describe techniques for communicating with employees.
   - Discuss alternatives for evaluating employee performance.
   - Identify the steps in developing a comprehensive employee compensation package.

4. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide.*

   Corrective interview
   Credit union
   Employee agreement
   Job analysis
   Job description
   Performance appraisal
   Profit sharing plan
   Task
   Termination

Copyright © 1994, Center on Education and Training for Employment,
The Ohio State University. All rights reserved.

HUMAN RESOURCES

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

- write a job description for a position in your business,
- develop a training program for employees,
- develop a list of personnel policies for employees in your business,
- develop an employee evaluation system, and
- plan a corrective interview.

WHAT IS THIS UNIT ABOUT?

This unit is about managing people. People are the most important resource in any business. Successful entrepreneurs must be able to manage the people who work for them. Management of human resources includes:

- employment interviewing for selection and placement;
- training and development;
- compensation, services and benefits;
- transfer, promotion and separation;
- payroll and records; and
- health and safety.

Whether the business is small or large, managing people is much the same. The examples in the text may not sound just like your company, but you should concentrate on the skills involved in the example. For example, the skills needed to correct an employee's behavior will be the same in manufacturing, sales, services, and retail companies.

In this unit, you will learn how to more effectively manage your employees. This includes writing a job description and designing an effective training program. In addition, you will learn how to develop personnel policies and an outline for employee evaluation. Finally, you will learn how to conduct an employee corrective interview.

4

WHAT IS A JOB ANALYSIS?

The first step in writing a job description is to identify the exact *tasks* that must be performed in a job. This is called *job analysis*.

Before you hire a new person, you must know exactly what work you want that person to do. You must also ask yourself, "Do I have too many employees? Too few? Am I expecting people to do more than they possibly can?" The answers to these questions can be found by analyzing the jobs each person does.

To do a job analysis, interview the person doing the job and list the tasks performed, such as "write monthly report to president to inform him/her on status of projects." Task statements begin with an action verb (the action performed) and include a phrase that tells why that task is performed (the purpose). A list of the tasks that make up a job describes in very specific terms the activities required to do that job (see Table 1).

After you have interviewed the person doing the job, compile the list of tasks and ask the person to check it. Next, check it with his or her supervisor(s) and subordinates. Ask them these questions:

- Is this task done in this job?
- Are other tasks done in this job that are not listed?

Revise the list until you agree on the tasks done in the job.

To create a job description for a new position, list all the tasks to be done by the new employee. This list will then guide you in advertising the position and in selecting the right person for the job.

TABLE 1
TASK STATEMENTS

Rule	Bad Example	Good Example
Should be easily understood	Peruse instructions	Read instructions
Use distinct action verbs	Be responsible for hourly workers	Supervise hourly workers
Should be short and concise	Separate from stock and pack orders	Fill orders
Use complete statements, do not use acronyms and abbreviations	Determine the PSI	Determine the pounds per square inch
Should not include personal feelings	Appreciate the phone system	Answer the phones
Should not include intelligence or training level required	Use chemistry knowledge to determine the PH level of the product	Determine PH levels
The "I's" and "you's" are implied	You calculate mileage for route	Calculate mileage

Take the time to do job analysis carefully. It is important because once you have the task statements you can use them to—

- write a job description,
- guide you in the selection interview,
- orient new employees,
- develop a performance appraisal,
- compare compensation levels,
- design employee development activities, and
- help employees who wish to transfer to understand other jobs in the company.

One other important consideration is that in doing job analysis, you are putting your personnel functions on a logical, fair, and legally defensible foundation. Your personnel decisions will be job related.

HOW DO YOU WRITE A JOB DESCRIPTION?

Now you are ready to write a job description. The job description should list the tasks, duties, and responsibilities done in the job, and the equipment operated on the job. Following is one example of a format for a job description:

6

NAME OF YOUR COMPANY: **TITLE OF JOB:**

DATE:

GENERAL STATEMENT OF DUTIES:

A sentence or two of general description, such as "This employee types letters and reports, answers the telephone, and does general office work."

EXAMPLES OF WORK PERFORMED:

This is where you list the task statements.

MATERIALS, TOOLS, EQUIPMENT, WORK AIDS USED:

Every job uses tools, machines, or special materials. Don't forget to include the obvious ones.

SUPERVISION RECEIVED:

Do they work independently, or are they closely supervised?

SUPERVISION EXERCISED:

Will they have subordinates? How many?

REQUIRED EXPERIENCE:

Educational or work experience necessary to performing this job.

OTHER REQUIREMENTS:

Special requirements such as having a driver's license, able to be bonded, special certification, etc.

Prepared by _____

WHAT IS A TRAINING PROGRAM?

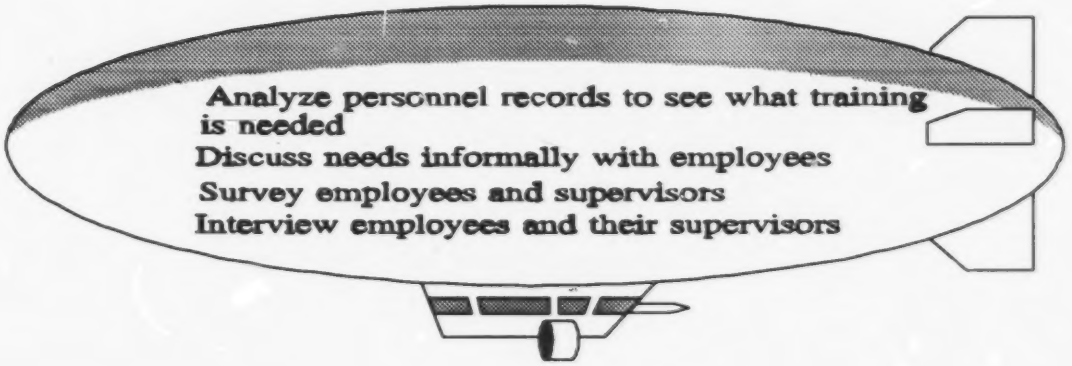
A training program can be on-the-job, a classroom program, or a combination of both. You can hire a specialist to do the training or you can do the training yourself. Whatever you decide to do, remember that training programs are a means to an end. Employees are trained with specific objectives in mind, not just because training is a "good thing to do." Upon completion, training programs should be evaluated in terms of how well they met the desired objectives. Do not spend your resources on training that does not address a specific need in your company.

- Analyze personnel records to see what training people have already had and what they still need. Pay particular attention to notes from performance evaluations, as training may have been promised during an employee's evaluation session.

- Discuss needs informally with your employees; listen to complaints and compliments. If you hear that "Scott won't do an interview and he's the one who should do it," you'll know that Scott is a candidate for a training on interview skills.

- Survey employees and supervisors. This is a frequently used method for determining training needs. Ask workers performing the job what training they need. Make a list of all the answers and then ask them to prioritize the lists.

- Interview employees and their supervisors.


Analyze personnel records to see what training is needed
Discuss needs informally with employees
Survey employees and supervisors
Interview employees and their supervisors

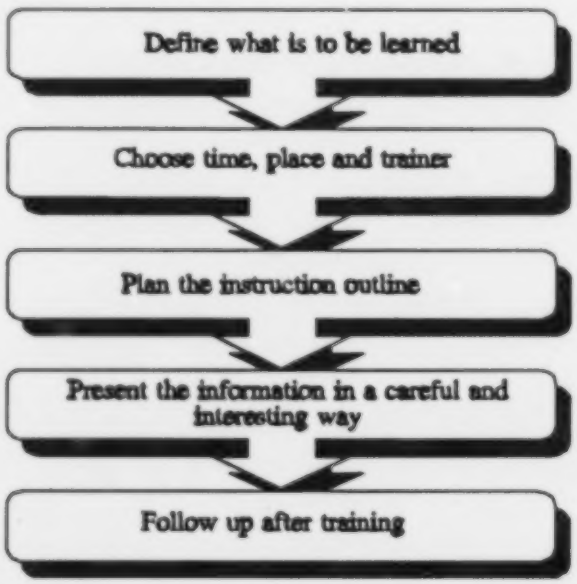
WHAT IS A NEEDS ASSESSMENT?

Before you do training of any kind, you must decide what training your employees really need. There are several ways to assess these needs:

All of these methods amount to the same thing; finding out what the people who do the work need to know in order to do a better job.

The next step is to compare the training priorities to your business's goals and objectives, budgets, and time commitments. Reconcile these needs and decide which training program should be offered.

defined a problem, focus the training on the solution. For example, you may feel that your employees aren't very productive, though they always seem to be busy. You decide to provide a course on time management with the objective of "developing strategies for making better use of time."


Define what is to be learned
Choose time, place and trainer
Plan the instruction outline
Present the information in a careful and interesting way
Follow up after training

HOW SHOULD THE TRAINING PROGRAM BE OUTLINED?

You are now ready to plan your training program. Here are the steps:

1. **Define what is to be learned in the training program.** If you are providing on-the-job training to a new employee, refer to the job description. If you have

2. **Choose a time, a place, and a person to do the training.** The time and place should be convenient and comfortable. Training away from work has fewer interruptions and seems more important. Training at work, however, is usually cheaper.

   Tell employees in advance—

   - who should come, and why.
   - where to come (address, room number).

- the time that training will start and when it will end.
- how to dress.
- what they will learn.

3. **Plan the instruction outline**. Start the training with an introduction. Review what is to be learned and the schedule for the day. Encourage a friendly relationship by helping participants get to know each other. Include time for breaks as people need time to absorb new information. Refreshments are always helpful.

4. **Present the information in a careful and interesting way**. Make certain each step is understood before going to the next one. Watch facial expressions and ask the person if you think he or she really wants to make a comment. Answer questions and allow time to practice the skill. If possible, let participants watch someone do the newly learned skill the right way. This could be a demonstration, role play, a film, or videotape. Offering a model for doing it the right way greatly aids learning.

To ensure that the training transfers to the "real world" be sure to—

- train people together who work together,
- use real or close-to-real examples,
- praise people for each small step toward learning the new behavior,
- teach trainees to reinforce each other for doing the new behavior, and
- make clear the key aspects in the performance of the new behavior.

5. **Follow up after training to be sure the employee has transferred the training to the job**. Make corrections, answer questions, and reaffirm that the training was important and that you expect the employee to continue the new behavior.

After the training session you will want the participants to give you written and perhaps anonymous feedback. This evaluation can include questions such as these:

- Was this training needed?
- Do you feel you learned what you were supposed to learn?
- Was the instructor prepared?
- Was the learning objective relevant to your job?

The evaluation will help you to know how to improve your training outline and performance. It should be especially important to you if you hire a training specialist to conduct the training.

You may also want to assess what the participants learned. Ask them to respond to questions such as "How much did you know about this before the training?" and "How much did you learn during the training?"

In addition to the trainees' feedback, you need to determine whether or not the new behaviors are meeting needs. In the earlier example, the learning objective was to make better use of time. Are your employees who went through the training making better use of their time? Can they get more work done?

WHAT ABOUT PERSONNEL POLICIES?

As soon as you hire your first employee, you have personnel policies. How you select and manage your employees is critical to your success. It is best to write down your personnel policies in a handbook so that each employee has the same information. This puts your policies "on the record" and makes it easier for you to reinforce them and to treat everyone fairly. It is also very useful in the orientation of a new employee. It is a good suggestion to update these policies periodically.

The following subjects should be included in your handbook:

1. Table of contents.
2. A statement by the chief executive officer that the company values its employees and appreciates their work. Welcome new employees.
3. A brief history of the company.
4. General policies. Be exact. Include copies of reporting forms if you refer to them. Policies should cover—
   - working hours,
   - the person responsible for personnel administration,
   - statement of nondiscrimination,
   - reporting to work,
   - rest periods,

- absence from work,
- employment records,
- evaluation of performance,
- pay periods,
- shift premiums, overtime rules
- safety and accident prevention, and
- how to make suggestions/complaints.

5. The benefits for employees. Use only those that apply to your company. Cover areas such as—

   - vacations,
   - group insurance (name administrator),
   - sick leave,
   - parking,
   - training program,
   - bonus plan,
   - profit-sharing plan,
   - suggestion awards,
   - jury duty,
   - military leave,
   - pension plan/Social Security benefits,
   - unemployment compensation,
   - service awards,
   - counseling,
   - expertise and travel procedures, and
   - legal services.

6. A section on special services for employees should include—

   - credit union,
   - education plans,
   - company cafeteria and/or coffee service,
   - magazine subscriptions,
   - company sponsored events, and
   - termination policy.

7. Other sections you may wish to include are—

   - conformity with government regulations,
   - union activity,
   - invention ownership/patent policy,
   - communication policy (bulletin board rules, "open door policy" and so on),
   - dress code,
   - relocation policy, and
   - bonding.

WHAT ABOUT BENEFITS AND SERVICES?

If you are starting a new business, you need to think seriously about the benefits and services you can offer employees. These benefits and services are a part of the employees' total compensation. They will increase your operating expenses, so you must make this decision very carefully. You can always increase benefits, however, employees will not appreciate losing any.

The way a new employee is trained is critical to his/her functioning safely in the workplace. A comprehensive program of

safety education for all employees would be a good investment if you are in a business with high accident rates. If your type of business has low accident rates, a less formal program would be enough. For example, you might post safety signs in strategic places. Inform all employees of fire safety routes and the location of alarm boxes and/or fire extinguisher.

In 1970, the *Occupational Safety Health Act* became law. The act requires employers to provide safe and healthful workplaces. Failure on the part of the employer to use the necessary safeguards to protect the health and the lives of the employees makes the employer subject to liabilities for damages if an injury occurs. Many states also have laws for additional protection of workers. Almost every worker, other than domestic and household workers and miners, is protected by the act.

WHAT ABOUT UNION ACTIVITY?

The main function of unions is to improve employee working conditions, salaries, and benefits. Small business is generally less unionized than large business. However, employees of manufacturing, printing, and construction companies, trucking firms, and barber shops are more likely to be members of unions.

Employers take different sides of the union question. Some entrepreneurs cooperate with employees and unions, whereas others take a very antiunion position. The owner of a small business may view union activity as a personal affront to management. However, responsible employers working with responsible unions will implement effective employee personnel programs.

WHAT IS AN EMPLOYMENT AGREEMENT?

An *employment agreement* is a contract between the company and each employee or class of employees. You can save yourself many problems later by having each new employee sign an agreement, or you may restrict the use of the agreement to a certain level of employees, such as professional employees. Your public library's reference room will have information and sample forms to help you draft the agreement.

HOW DO YOU EVALUATE AN EMPLOYEE'S PERFORMANCE?

Employee evaluation is a special kind of discussion between supervisor and subordinate to help employees understand how they are doing their job and what they can do to improve their performance.

The discussion can also give the supervisor important feedback about morale and problems in the job. An important plus is that you may obtain creative suggestions for products or improving the workplace.

Performance evaluations should not be dreaded; look forward to them. Like a good coach, you owe your employees feedback that will allow them to improve.

Evaluations are used to (1) give developmental feedback to the employees and (2) provide a basis for "merit pay," bonuses, and promotions.

The best way to accomplish both purposes is to do two evaluations at different times. Do the compensation evaluation 3-6 months after the development coaching? If the bottom line is "Do I get a raise, or not?" the development coaching is forgotten.

Evaluation or appraisal of employee performance based upon the job description is far superior to a rating based upon personal traits like "initiative" or "attitude." This focuses the appraisal on the tasks done on the job and not on the person.

A discussion of the success of an employee's performance based on observable tasks is much more useful to the employee, is much easier and less threatening for the supervisor, and is much less likely to result in disagreement.

WHAT ARE THE STEPS OF A DEVELOPMENT EVALUATION?

The steps in a development evaluation are as follows:

1. **Schedule a meeting**. Tell the employee the purpose of the meeting and schedule it in a private place. Provide for adequate time. Try to avoid interruptions if possible.

2. **Discuss the importance of each task.** Evaluate together the importance and frequency of the tasks. Is a task critical to the job? Is it not very important? How often is the task done?

3. **Give the employee feedback.** Discuss the employee's performance of the tasks. Be specific. "I like your work" does not communicate anything about the worker. But, "You do a good job of focusing on doing the most important things first" specifically addresses the task of setting priorities to maintain an even work flow.

4. **Listen and answer questions**. Answer questions directly and honestly. Don't get "wishy-washy," overly authoritarian, or defensive.

5. **Respond to problems.** If you were unaware of situational problems, respond honestly. Specify what you will do to correct the situation, and indicate by what date you will do it.

6. **Set goals**. Review the areas in which you want the employee's performance to improve. Will training be needed to accomplish this? More education? Does the company have resources to provide training and/or tuition payment? If not, how will the employee get the necessary training? Set reasonable goals and specify steps that will be taken to reach them. It is an excellent suggestion to actually involve the employee in setting goals.

7. **Reaffirm positive feedback**. Review the areas where the employee's performance is good and set the expectation that performance will continue at such a high level.

8. **Set a date**. State the time when the next developmental evaluation will be. Make a note in the file.

9. **Thank the employee**. Respond to any last minute employee questions or comments the employee has. Thank the employee for talking with you.

10. **Make notes**. Next year it will be hard to remember what goals were set so be sure to take good notes.

WHAT ARE THE STEPS OF A COMPENSATION EVALUATION?

The steps of a compensation evaluation differ as follows:

1. **Schedule a meeting**. Select a private place and arrange a convenient time for you and the employee to meet.

2. **Deliver the news first**. Not everyone gets a raise every year, but everyone hopes for it. Do not keep employees in suspense. Tell them promptly whether or not they got a raise.

3. **Explain your decision**. Company policy, economic considerations, and poor performance are but a few of many reasons why raises aren't given each year. It is important to state whether the employee has not performed well enough to advance, or if the reasons are outside of the employee's control.

   Likewise, if you are granting a raise, it is important to specify why. Has the employee taken on more work? More responsibility? Has efficiency or productivity increased? Has a degree of certification been earned? These are typical factors that warrant additional compensation.

4. **Answer questions**. Be patient and sensitive with the employee's questions. These are important issues to both of you.

5. **Set a date.** State when the next compensation evaluation will be and make a note of it in the employee's file.

6. **Make notes**. Make brief notes on the level of compensation and the reason for it. Note the employee's comments. Note any promises you make.

HOW DO YOU CONDUCT A CORRECTIVE INTERVIEW?

When you observe an employee breaking the company rules, not working to your expectations, or interfering with others' work, you need to take some action. Write down what behavior you observed, the date, and any other information you feel is important. Then take the following steps:

1. **Schedule a meeting with the employee to discuss the problem**. Corrective action should be initiated as soon as possible after negative performance is observed. Have the meeting in a private place.

2. **Explain what you observed and why it concerns you**. Refer to your notes for details.

3. **Listen to your employee's explanation**. Remain calm and do not become defensive.

4. **React to the explanation**. Ask questions to probe key statements. "Tell me more about . . ." Take the time to be sure you understand.

5. **Discuss what needs to change**. Usually the employee's behavior needs to change. Be specific about what you expect. It is important that the employee agrees to change.

6. **Schedule a follow-up meeting**. The purpose of this future meeting will be to follow up on the results of the first meeting to reinforce the new behaviors or to take further corrective action.

7. **Make notes**. Do not trust your memory. If there are further incidents, add them to your list.

8. **Have a follow-up meeting**. Use your notes to remind both of you what has happened. If the behavior has changed, praise the employee. If there have been further incidents, discuss them as before, but set a time limit for improvements. Discuss what options you will consider at that time, such as disciplinary measures, transfer to another position, or termination if the problem warrants it.

If you have a union contract, follow the rules. Your notes will provide documentation for dealing with the union representative. You can demonstrate the fairness of your approach and your conclusions. By following this procedure, you have taken effective measures to correct a problem. If an employee is unwilling or unable to change, you have followed a fair procedure that protects the employee, as well as the employer.

As you go through the process of correcting an employee's behaviors, keep the following "don'ts" in mind:

- Don't damage the employee's self-esteem.

- Don't forget to focus on the *behavior*—**not** on the *person*.

- Don't save up problems and dump them all at once. Deal with them one at a time.

- Don't forget what it is like to be in the person's position. Be fair, respectful, specific, and firm.

16

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

On a sheet of paper create a development evaluation using the steps described in this unit. Try to consider the perspective of both the employer and the employee when developing the evaluation.

B.

Pick a job that you currently have or recently have held and construct a job analysis. From this job analysis develop a complete job description. If you have not worked a traditional job, it is appropriate to use a job you are familiar with or to use your imagination to provide data for the analysis.

GROUP ACTIVITIES

A.

Divide into small groups of four or five students. Discuss and record your reasons as to why employee development evaluations are important to the success of your business. The instructor will tell you how much time you will have for the discussion. When time is up, the groups should discuss their findings. A student will be appointed to create a list on the blackboard that represents the ideas of the entire group.

B.

Divide the class into small work teams of five to seven students each. One member of each group will be assigned to facilitate the discussion. Each group will develop an **employee handbook** using the information in this unit as a model. The company names and data used will be the product of each team's imagination.

CASE STUDY

Jill Owen operates a small material handling business in Reno, Nevada. She employs a lot of part-time, hourly people, both in the warehouse and on the job sites. The office is maintained by a full-time, salaried staff of six.

The office equipment is modern and the office itself is climate-controlled and comfortable, whereas the warehouse is dusty and sometimes unbearably hot during the summer months. Jill's company experiences almost continuous turnover among the hourly staff.

DISCUSSION QUESTIONS

1. Describe some things that Jill could do to increase the job satisfaction of the hourly workers. How will these proposed actions decrease turnover and lower her training costs?

2. What long-term results will there be, in your opinion?

18

ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Explain what issues should be addressed in a job description.

2. Define a needs assessment and explain why it is important.

3. Cite the reasons why written personnel policies are important. What policies would you include in your company handbook for employees?

4. What are the steps of a development evaluation plan?

5. List the steps in a corrective interview.

REFERENCES

Burstiner, Irving. *The Small Business Handbook.* Englewood Cliffs, NJ: Prentice-Hall, 1989.

Fisher, C., et al. *Human Resource Management.* Boston, MA: Houghton Mifflin Co., 1990.

Justis, Robert T. *Managing Your Small Business.* Englewood Cliffs, NJ: Prentice-Hall, Inc., 1981.

Personnel Management. U.S. Small Business Administration. Washington, DC: U.S. Government Printing Office, 1981, p. 3.

Zimmerer, Thomas, and Scarborough, N. *Small Business Fundamentals.* Columbus, OH: Merrill Publishing, 1988.

Checklist for Developing a Training Program. U.S. Small Business Administration. Instructional Aid No. 186. Washington, DC: U.S. Government Printing Office, 1988.

Employees: How to Find and Pay Them. U.S. Small Business Administration. Management Aid No. MA 5.002. Washington, DC: U.S. Government Printing Office, 1988.

PACE

Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7. Types of Ownership
Unit 8. Marketing Analysis
Unit 9. Location
Unit 10. Pricing Strategy
Unit 11. Financing the Business
Unit 12. Legal Issues
Unit 13. Business Management
⇨ Unit 14. Human Resources
Unit 15. Promotion
Unit 16. Selling
Unit 17. Record Keeping
Unit 18. Financial Analysis
Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business